IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 15
JUST ENERGY GROUP INC., *et al*	)	Case No. 21-30823 (MI)
Debtors in a Foreign Proceeding,[1]	)	(Joint Administration Requested)
	)	(Emergency Hearing Requested)

DECLARATION OF MICHAEL CARTER IN SUPPORT OF VERIFIED PETITION FOR (I) RECOGNITION OF FOREIGN MAIN PROCEEDINGS, (II) RECOGNITION OF FOREIGN REPRESENTATIVE, AND (III) RELATED RELIEF UNDER CHAPTER 15 OF THE BANKRUPTCY CODE

I, Michael Carter, hereby declare under penalty of perjury:

1. I am the Chief Financial Officer of Just Energy Group Inc. ("Just Energy" or the "Company"), one of the above-captioned debtors (the "Debtors" or the "Foreign Representatives") which are the subject of proceedings under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the "CCAA") in the Ontario Superior Court of Justice, Commercial List (the "Canadian Proceedings" and such court, the "Canadian Court"), and have served in that role since September 2020. In that role, I am responsible for all financial-related aspects of Just Energy's business. As such, I have personal knowledge of the matters discussed herein, including the business and financial affairs of Just Energy and its subsidiaries. In addition, I am the duly-authorized representative to act on behalf of the Foreign

[1] The identifying four digits of Debtor Just Energy Group Inc.'s local Canada tax identification number are 0469. Due to the large number of debtor entities in these chapter 15 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at www.omniagentsolutions.com/justenergy. The location of the Debtors' service address for purposes of these chapter 15 cases is: 100 King Street West, Suite 2360, Toronto, ON, M5X 1E1.

Representatives. In preparing this declaration (the "Declaration"), I have reviewed Just Energy's records, press releases, and public filings, and have relied on Just Energy's advisors and other members of Just Energy's senior management as necessary.

2. Prior to September 2020, I served as Senior Vice President, Finance at Hunt Power & Hunt Utility Services, an affiliate of Hunt Consolidated, Inc. Prior to my time at Hunt, I held the positions of Senior Vice President, Corporate Planning and Assistant Treasurer and Senior Vice President, Corporate Development at Energy Future Holdings Corporation (the predecessor of the parent company of Vistra Corporation). I have a Bachelor of Science, Accounting, from Louisiana State University in Shreveport.

3. I submit this Declaration to assist the United States Bankruptcy Court for the Southern District of Texas (the "Court") and parties in interest in better understanding the catastrophic and unprecedented circumstances that compelled the commencement of the Canadian Proceedings and these chapter 15 cases, and in support of the Foreign Representatives' *Verified Petition for (I) Recognition of Foreign Main Proceedings, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code* (the "Verified Petition").

4. Except as otherwise indicated herein, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors' employees, operations and finances, information learned from my review of relevant documents, information supplied to me by other members of the Debtors' management and their advisors, or my opinion based on my experience, knowledge, and information concerning the Debtors' operations, financial affairs, and restructuring initiatives. I am over the age of 18, and I am authorized to submit this Declaration on behalf of the Debtors.

If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

Introduction

5. Just Energy and its subsidiaries (collectively, the "Just Energy Group") are retail energy providers specializing in delivering electricity and natural gas, as well as energy-efficient solutions and renewable energy options, to consumer and commercial customers. The Just Energy Group currently serves over 950,000 customers, mostly in the United States and Canada through its nearly 1,000 employees (approximately 350 of which are located in Texas). Just Energy is the largest independent Retail Energy Provider ("REP") and is licensed by the Public Utility Commission of Texas ("PUCT"). The Texas market is Just Energy's largest market, and the Company is registered as a market participant with the Electric Reliability Council of Texas, Inc. ("ERCOT"), an Independent System Operator (as described below). If Just Energy is unable to pay its invoices when due, ERCOT can revoke the Company's right to conduct activities in the ERCOT market[2], and transition Just Energy's customers—Just Energy's most valuable asset—to a Provider of Last Resort ("POLR").[3] Such a result would be catastrophic for the Company's creditors, lenders, employees, sureties, public shareholders, and customers.

6. Just Energy entered 2021 on strong financial and operational footing. On September 4, 2020, Just Energy commenced a chapter 15 proceeding—styled *In re Just Energy Group Inc.*, Case No. 20-34442 (DRJ)—in this Court to recognize a balance sheet recapitalization transaction (the "Recapitalization") through a plan of arrangement under section 192 of the Canada

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[2] Similarly, outside of Texas, Just Energy's financial situation may create grounds for revocation or suspension of the Company's right to participate in ISO markets in other states in which Just Energy operates—including New York, California, Illinois, Maryland and Ohio.

[3] ERCOT has already barred two electricity sellers (Entrust Energy Inc. and Griddy Energy LLC) from Texas's power market for failing to make payments, and transitioned all of their customers to POLRs.

Business Corporations Act (the "CBCA"). Less than one week later, on September 10, 2020, Judge David R. Jones entered the recognition order. The Recapitalization closed on September 28, 2020, and the chapter 15 cases closed shortly thereafter on October 29, 2020. The culmination of a 15-month-long strategic review process and comprehensive plan to strengthen Just Energy's business, the Recapitalization allowed the Company to shed debt from its balance sheet (and extended loan maturities), positioning Just Energy for sustainable growth as an independent industry leader.

7. However, like many of its industry peers, Just Energy's economic landscape fundamentally changed as a result of the unprecedented winter storm that blanketed the state of Texas on or about February 13, 2021, and maintained its grip of historically sub-freezing temperatures for days. Electric generation equipment and natural gas pipeline equipment froze, causing the available generation within ERCOT's grid to dramatically decline.[4] At the same time, Texans sought to heat their homes and businesses against the shocking cold and demand for electricity skyrocketed, pushing Texas's power grid to a new winter peak demand record.

8. In the early hours of February 15, with the ERCOT system facing unprecedented winter demand and gigawatts of generation forced offline, ERCOT ordered transmission operators to implement rotating outages to reduce the strain on the grid and avoid complete collapse. Later that day, after learning that energy prices were clearing at less than the maximum price for electricity in the ERCOT market, the PUCT instructed ERCOT to set prices for electricity at the

[4] "If we hadn't taken action, it was seconds and minutes (away from a total system failure)" said ERCOT's CEO Bill Magness after almost losing power across the entire ERCOT grid early in the morning of February 15, 2021, and forcing rotating outages across Texas. Wall Street Journal article "*Amid Blackouts, Texas Scrapped Its Power Market and Raised Prices. It Didn't Work.*"

maximum price of $9,000 per megawatt hour (or MWh).[5] As justification for this decision, the PUCT cited the fact that "[e]nergy prices should reflect scarcity of the supply" and "[i]f customer load is being shed, scarcity is at its maximum, and the market price for the energy needed to serve that load should also be at its highest." In response, ERCOT manually set the price for electricity to the maximum price of $9,000/MWh. ERCOT left this artificially established price in place for more than four straight days, until 9:00 am prevailing Central Time on Friday February 19, even though firm load was no longer being shed as of 1:05 am prevailing Central Time on February 18. In addition, the price for ancillary services, which is impacted by the $9,000/MWh price for electricity, reached previously unseen levels, at times exceeding $25,000 per MWh.

9. As described in more detail below, ERCOT has now presented Just Energy with invoices for the seven-day winter event, which, when combined, amounted to over $280 million,[6] payment of which was required within days, even if Just Energy disputed such amounts. As a result, Just Energy suddenly found itself caught in an unforeseeable liquidity trap that even its recently restructured balance sheet could not address.[7]

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5 All dollar amounts in this Declaration are in USD unless otherwise noted and many of the financial figures presented are unaudited and potentially subject to change, but reflect the Debtors' most recent review of their businesses. The Debtors reserve all rights to revise and supplement the figures presented herein.

6 On March 5, 2021, Just Energy received three invoices for approximately $123.21 million from ERCOT, of which approximately $96.24 million must be paid by end of day on March 9, 2021. On March 8, 2021, Just Energy received another three invoices for approximately $25.46 million, of which approximately $18.86 million is due by March 10, 2021. The remaining amounts will be due to BP under the ISO Services Agreement (described herein) on March 22, 2021.

7 Throughout this quickly evolving process, Just Energy remained focused on keeping its customer base and stakeholders informed, including by issuing five separate press releases and public disclosures between February 16 and February 26, 2021. In such press releases, Just Energy disclosed the potential impact of the Texas storm on pricing and the fact that such pricing may result in losses that could be materially adverse to Just Energy's liquidity and ability to continue as a going concern. As part of such disclosures, Just Energy also provided estimated ranges of payments expected to be owed to ERCOT and the potential ramifications of making such payments on its liquidity outlook.

10. In short order, Just Energy snapped into action to evaluate the unprecedented situation and to explore all value-maximizing alternatives. On March 3, 2021, Just Energy filed a Petition for Emergency Relief with the PUCT.[8] In the Petition for Emergency Relief, Just Energy, through its subsidiaries Just Energy Texas LP, Fulcrum Retail Energy, LLC, and Hudson Energy Services LLC, requested that the PUCT order ERCOT to deviate from the deadlines and timing in its Protocols and Market Guides related to settlements, collateral obligations, and invoice payments and suspend the execution or issuance of invoices or settlements for intervals during the dates of February 14, 2021 through February 19, 2021, until issues related to the catastrophic winter storm raised by executive and legislative branches of Texas are investigated, addressed, and resolved. Alternatively, Just Energy requested that the PUCT grant a waiver of certain ERCOT Protocols to allow Just Energy to delay payment while exercising its rights under the ERCOT Protocols to dispute the invoiced payment amounts.

11. Because the PUCT's order directing ERCOT to set prices at the system wide offer cap was tied to firm load being shed, a number of market participants and consumer groups filed petitions with the PUCT requesting that the PUCT order ERCOT to correct the real-time prices for the period after load was no longer being shed from the ERCOT system. On March 4, 2021, Potomac Economics, the Independent Market Monitor ("IMM") for the PUCT, issued a letter echoing this position, recommending that the PUCT direct ERCOT to correct the real-time prices for the period after the grid emergency ended (and prices should have been reset) to remove the inappropriate pricing intervention that occurred during that time period. Notably, the IMM concluded that ***$16 billion*** in additional costs had been improperly charged by ERCOT and that

[8] Just Energy's petition is attached to the *Debtors' Emergency Motion for Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code* (the "Provisional Relief Motion") as Exhibit A.

ERCOT's actions "will result in substantial and unjustified economic harm" if left unaddressed.[9] In its March 5 open meeting, the PUCT did not act on the IMM's recommendation to order ERCOT to correct the real-time prices. Notably, on March 8, Texas Lieutenant Governor Dan Patrick called on the PUCT and ERCOT to correct the "$16 billion error" in pricing that continued after the power shortage ended and the grid emergency passed.[10]

12. In addition, Just Energy's financial condition was further exacerbated because certain business partners following the weather event have issued demands or taken actions in response to concerns about Just Energy's liquidity and significant amounts owing to trade creditors that are coming due:

(a) demand for more than CAD $30 million in additional collateral demands from certain of its bonding companies. Over CAD $20 million of additional collateral has already been provided and the rest is expected to be provided by March 17, 2021;[11]

(b) request for payment from a transmission and distribution service provider on February 24, 2021, stating that Just Energy was delinquent on invoices totaling $141,745 that had an original due date of February 23, 2021 (*i.e.*, one day earlier), that the Just Energy Group would be in default if the delinquent balance was not received within ten days, and that the supplier would exercise its remedies in the event of default. Just Energy paid all outstanding amounts due to such service providers on March 1, 2021, to protect against an event of default for non-payment, which may result in ERCOT transferring customers to a POLR; and

(c) amounts of approximately CAD $270 million owing to counterparties under the ISO Services Agreements (as defined herein) will come due. This amount has increased significantly from what Just Energy would normally expect, which

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9 Letter from the Independent Market Monitor, PUC Project No. 51812 (Mar. 4, 2021).

10 Office of the Lieutenant Governor, *Lt. Gov. Dan Patrick Calls on ERCOT to Correct $16 Billion Error During Storm*, https://www.ltgov.texas.gov/2021/03/08/lt-gov-dan-patrick-calls-on-ercot-to-correct-16-billion-error-during-storm (8 March 2021).

11 The bonding companies had either threatened to start the process of cancelling bonds issued by them if Just Energy did not post additional collateral or had already started the process of cancelling the bonds they had issued and agreed to issue rescission notices upon the receipt of the additional collateral. The cancellation of the bonds may have resulted in the revocation of licenses necessary for Just Energy to carry on business in certain jurisdictions.

increase is a direct result of the Texas winter storm. In addition, more than CAD $75 million in payables owing to Commodity Suppliers (as defined herein) will also come due by March 22, 2021.

13. Notwithstanding these additional demands, as of the date hereof, Just Energy believes it is current on all financial obligations to all system operators, regulators, and other oversight entities.

14. Undeterred by the adverse PUCT ruling and the financial demands of Just Energy's other stakeholders, Just Energy continued to proactively engage with stakeholders across its capital structure to assess all available strategic alternatives, including:

(a) DIP Financing: Just Energy contacted its five largest stakeholders and provided them with a term sheet and information necessary to assess and evaluate an opportunity to provide debtor-in-possession financing. The information provided included a situation update presentation and access to a virtual data room. Just Energy also responded to numerous information requests and management held virtual meetings with the stakeholders to answer questions about Just Energy's financial forecast. In addition, Just Energy engaged with four other parties who had interest in considering the DIP financing opportunity. The DIP Term Sheet is attached to the Provisional Relief Order as Exhibit B and the DIP Budget is attached hereto as **Exhibit A**.

(b) Payments to ERCOT: On Friday, March 5, Just Energy made $64.9 million of payments to ERCOT in the ordinary course, and expects to make an additional $96.3 million of resettlement payments to ERCOT on Tuesday, March 9. On March 8, Just Energy received from ERCOT (i) a notice that it must post approximately $25.7 million of additional collateral within two business days, and (ii) three invoices for approximately $25.46 million, of which Just Energy expects to make a payment of $18.9 million to ERCOT on March 10, 2021. Just Energy does not have enough liquidity to pay these invoices without access to the DIP Facility (as defined below).

(c) Engagement with its Prepetition Lenders: Just Energy engaged directly with its Credit Facility Lenders to ensure the status quo maintenance of its cash management facility and ability to continue to use available liquidity to operate its business in the ordinary course.

(d) Engagement with Shell and BP: As described in greater detail in Part III herein, Just Energy maintains a number of agreements with Shell and BP that are integral to its ongoing day-to-day operations. Because non-payment of certain obligations under these agreements would endanger Just Energy's ability to operate as a going concern, Just Energy engaged directly with Shell and BP to

ensure their ongoing support of the business. As a result and to ensure Shell and BP continue trading with Just Energy in the ordinary course, Just Energy is directly engaged with these parties around the terms of support agreements, whereby Just Energy will continue to perform under the agreements in exchange for Shell's and BP's ongoing commitment to support the business and continue trading. The support agreements are attached to the Provisional Relief Order as Exhibit C and Exhibit D, respectively.

15. After thoroughly evaluating all other available options, Just Energy commenced the Canadian Proceedings and, shortly thereafter, these chapter 15 cases to maintain the stability and integrity of its otherwise financially steady and operationally reliable enterprise, and to protect its 950,000 customers and protect the overall value of Just Energy.[12] At approximately 9:30 a.m. ET this morning (March 9, 2021), the court in the Canadian Proceedings granted vital relief to maintain Just Energy as a going concern, including, but not limited to:[13]

(a) a stay of proceedings against Just Energy that would otherwise undermine its ability to restructure its business and meaningfully engage with the regulators with respect to a viable path forward; and

(b) approval of DIP Financing (as defined herein) sufficient for Just Energy to continue making all payments to ERCOT and other critical parties as required to protect the overall value of Just Energy.

16. On a provisional basis, Just Energy simply requests that this Court recognize and enforce the terms of the CCAA interim order, and approve the stay imposed thereby and the terms of the DIP Financing approved pursuant to such order, until such time as this Court holds a hearing to recognize the CCAA order on a final basis.[14] Once the DIP Financing is made available and

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[12] The resolutions of Just Energy's board of directors approving the CCAA and chapter 15 filing are attached to the Verified Petition as Exhibit B.

[13] In the interest of time, a copy of the entered CCAA interim order is attached to the Verified Petition as Exhibit D. Just Energy will file a certified copy of the order as soon as practicable.

[14] *See Order Granting Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code* (the "Provisional Relief Order"), filed contemporaneously herewith.

the Company is able to return to ordinary course operations, it expects to work productively with its financial stakeholders to reach a consensual exit to the Canadian Proceedings.

17. To familiarize the Court with the Debtors and their business, I submit this Declaration. This Declaration is organized into three sections. ***Part I*** describes the events and circumstances leading to the filing of these chapter 15 cases, including the prepetition stabilization efforts undertaken by the Debtors in the wake of the winter crisis. ***Part II*** provides a general overview of the industry and the Debtors' business, corporate history, and corporate structure. Finally, ***Part III*** details the Debtors' prepetition capital structure.

Part I: Events Leading to These Chapter 15 Cases

A. The Texas Electricity Market and ERCOT.

18. Texas is one of the largest electricity markets in the United States—and a key electricity market for Just Energy, accounting for approximately 47% of the Company's embedded gross margin ("EGM").[15] Texas's grid is one of the three main grids in the United States, known as the Eastern Interconnection, the Western Interconnection, and the Texas Interconnection. ERCOT is an independent system operator ("ISO") that is solely responsible for managing the Texas Interconnection, which covers 213 of the 254 Texas counties. Generally, reliability regions within the Eastern and Western Interconnections are subject to regulation by the Federal Energy Regulatory Commission ("FERC") and various regional reliability agencies. The ERCOT reliability region, by contrast, is its own standalone interconnection, and it has limited export and import capability.

[15] EGM is a rolling five-year measure of management's estimate of future contracted energy and product gross margin.

19. Texas is the only one of the contiguous 48 U.S. states with its own standalone electricity grid. As an ISO, ERCOT is responsible for scheduling power on the transmission system, and maintaining the reliable operation of the transmission system. ERCOT also performs financial settlements for the competitive wholesale electricity market and enforces certain credit requirements, including collateral-posting requirements, to ensure market participants' creditworthiness for ERCOT-facilitated transactions. ERCOT schedules power for more than 26 million people on an electric grid that connects more than 46,500 miles of transmission lines and more than 680 generation units, comprising approximately 84,500 megawatts of installed generation capacity. Of the total installed capacity, approximately 51% is natural gas-fueled generation, 25% is fueled by wind and other renewable resources, and 24% is lignite/coal and nuclear fueled generation.

20. The delivery of electricity in the ERCOT market operates similarly to other electricity markets in the United States. Market participants buy and sell electricity using both the Real-Time Market (*i.e.*, electricity for current transmission/distribution and use by consumers) and the Day-Ahead Market, both of which are facilitated by ERCOT in its role as the ISO, and through bilateral contracts that indirectly facilitate the majority of wholesale electricity sales in the ERCOT market. These markets allow ERCOT, in conjunction with the qualified scheduling entities that transact directly in the Day-Ahead and Real-Time Markets (facilitated by the bilateral contracts entered into between electricity generators/wholesalers, retailers, and the qualified scheduling entities), to ensure that electricity is reliably delivered to all market participants. ERCOT and its operations are overseen by the PUCT, which enforces compliance with Texas utility laws and regulates electric utility rates and retail electric providers such as Just Energy. Thus, the PUCT is ultimately responsible for ERCOT's operations and overall electricity regulation in Texas.

B. The Weather Event.

21. Beginning on February 13, 2021, the state of Texas experienced an unprecedented and catastrophic energy crisis when a powerful winter storm (the "Weather Event") moved over and blanketed the entire state, resulting in temperatures well below 20°F in a state where many homes (which are not sufficiently insulated for extreme cold weather) and businesses rely on electricity for heating. Price shocks in Texas were felt as early as February 12 when natural gas prices jumped from $3 to over $150/MMBtu in anticipation of short gas supply. Customer demand for power grew from February 13 and throughout the day on February 14, pushing Texas's power grid to a new winter peak demand record, topping 69,000 megawatts between 6:00 p.m. and 7:00 p.m.—more than 3,200 megawatts higher than the previous winter peak set in January 2018. At the same time, demand for gas for heating grew.

22. In the early hours of February 15, ERCOT declared an Energy Emergency Alert Level 1, urging consumers to conserve power. Within an hour, ERCOT elevated to an Energy Emergency Alert Level 2, and only 13 minutes later, at 1:25 a.m., ERCOT elevated to an Energy Emergency Alert Level 3. With the grid stressed to within minutes of a catastrophic failure, ERCOT ordered transmission operators to implement deep cuts in load in the form of rotating outages to reduce the strain and avoid a complete collapse. In the peak of the controlled outage event, more than 3 million households were without electricity. While demand soared, supply plummeted as power plants tripped offline and demand threatened to exceed supply. Natural gas prices spiked in response to falling supply as lines froze up; as a result, the cost to produce electricity from gas-fueled power plants increased dramatically.

23. On February 15 (and amended on the 16th), the PUCT directed ERCOT to adjust prices "to ensure that firm load that is being shed in [Energy Emergency Alert 3] is accounted for in ERCOT's scarcity pricing signals . . ." noting that, "[i]f customer load is being shed, scarcity is

at its maximum, and the market price to serve that load should also be at its highest[.]"[16] Based on this order, ERCOT set prices at the System Wide Offer Cap ($9,000 per MWh). Although load stopped being shed as of 1:05 a.m. on the morning of February 18, 2021, ERCOT continued to set prices at the System Wide Offer Cap until 9:00 a.m. on February 19 when it formally declared that the system was no longer in Energy Emergency Alert Level 3. The Weather Event caused the ERCOT wholesale market to incur charges of $55 billion over a seven-day period—an amount equal to what it ordinarily incurs over ***four years***.

C. The Impact on Just Energy.

24. In addition to exponentially high electricity costs during the Weather Event, the Company was exposed to significantly increased ancillary services costs, which are charges associated with maintaining the reliability of the grid that are spread to all Market Participants daily based on that day's load ratio share. During the Weather Event, ancillary service costs have been estimated to be approximately ***600 times*** the normal price. While the Company had hedges in place to cover its normal load level ancillary services costs (which are based on the Company's normal load share of electricity in ERCOT), during the Weather Event, the Company's load share disproportionally increased. The Company's load share increase, combined with the significantly higher ancillary services prices, resulted in significant additional costs. As a result, Just Energy quickly engaged advisors to assist Just Energy with analyzing its liquidity and financing needs and begin exploring solutions and alternatives.

25. On March 1, 2021, representatives of Just Energy held a teleconference with ERCOT personnel to discuss the charges from the Weather Event. During the conference, participating ERCOT personnel were unable to explain the dramatic departure from historical

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16 *Oversight of the Electric Reliability Council of Texas, Docket No. 51617,* Second Order Directing ERCOT to Take Action and Granting Exception to Commission Rules (Feb. 16, 2021).

charges, instead stating that the decision was protocol driven. Just Energy then wrote to ERCOT to initiate the dispute process regarding certain charges being invoiced. As an initial matter, Just Energy disputes the application of the $9,000 MWh System Wide Offer Cap to any time period after the ERCOT grid ceased shedding load at 1:05 a.m. on February 18, 2021, as applying the System Wide Offer Cap after that time contravenes the language of the PUCT's February 15 and February 16 orders. In its March 4 letter, the IMM took the same position, recommending that the PUCT direct ERCOT to correct prices for the period after the grid emergency ended:

> ERCOT recalled the last of the firm load shed instructions at 23:55 on February 17, 2021. Therefore, in order to comply with the Commission Order, the pricing intervention that raised prices to VOLL should have ended immediately at that time. However, ERCOT continued to hold prices at VOLL by inflating the Real-Time On-Line Reliability Deployment Price Adder for an additional 32 hours through the morning of February 19. ***This decision resulted in $16 billion in additional costs to ERCOT's market***, of which roughly $1.5 billion was uplifted to load-serving entities to provide make-whole payments to generators for energy that was not needed or produced. . . . Therefore, the IMM recommends that the Commission direct ERCOT to correct the real-time prices from 0:00 February 18, 2021, to 09:00 February 19, 2021, to remove the inappropriate pricing intervention that occurred during that time period.[17]

Further, the IMM notes that ERCOT's actions were inconsistent with the organization's own protocols, as well as the PUCT's orders, and will result in "substantial and unjustified economic harm" if left unaddressed.[18]

26. As the pleadings of other parties and the comments of the IMM[19] make clear, the manner in which ancillary services charges were calculated and assessed during the Weather Event is concerning and inconsistent with past practice. Just Energy's invoices include ancillary services charges that may have been either erroneously calculated or are an unreasonable application of

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[17] Letter from the Independent Market Monitor, PUC Project No. 51812 (Mar. 4, 2021) (emphasis added).

[18] *Id.*

[19] Comments of the Independent Market Monitor, PUC Project No. 51812 (Mar. 1, 2021).

ERCOT's Protocols. For example, typically Just Energy's invoices include a charge for Reliability Deployment Ancillary Service Imbalance Revenue Neutrality that historically ranges from $0 to $23,500 per day. Between June 2015 and February 16, 2021, the Just Energy Group paid approximately $504,000 in respect of this charge. In contrast, for the three settlement dates of February 17, 18 and 19, 2021, the aggregate charge is over $61 million. This is approximately ***121 times higher than the last 5 years of charges combined***. Just Energy understands that this charge is a load-based allocation for incremental revenue provided to online generation during a period of scarcity, which is then paid out based on online generation capacity net of generating volume and net of generation procured for ancillary service multiplied by real time Operating Reserve Demand Curve ("ORDC") adders. The ORDC adders for Operating Day 18th and 19th in particular were artificially set and do not reflect available capacity on the system. As such, strict application of the ERCOT Protocols would mean that generators would receive a reliability revenue when there was no scarcity. Considering that Just Energy's load share is less than 2.5%, ***this would mean that Market Participants were paying approximately $1.9 billion when there was no scarcity***.

27. On March 3, 2021, Just Energy filed a petition with the PUCT requesting that the PUCT order ERCOT to deviate from the deadlines and timing in its Protocols and Market Guides related to settlements, collateral obligations, and invoice payments and suspend the execution or issuance of invoices or settlements for intervals during the dates of February 14, 2021 through February 19, 2021, until issues related to the catastrophic Weather Event raised by executive and legislative branches of the Texas authorities are investigated, addressed, and resolved. Alternatively, Just Energy requested that the PUCT grant a waiver of certain ERCOT Protocols to allow Just Energy to delay payment while exercising its rights under the ERCOT Protocols to

dispute the invoiced payment amounts. Notably, the requested waiver does not require that the PUCT make a determination as to whether Just Energy should be relieved of its payment obligations, as Just Energy intends to address these disputes with ERCOT through the dispute resolution procedures set out in the ERCOT Nodal Protocols.

28. Neither ERCOT nor the PUCT have taken any actions in response to Just Energy's requests for relief. As such, Just Energy has no choice but to continue to pay its ERCOT invoices, even while disputing them. Otherwise, ERCOT can suspend Just Energy's market participation and transfer its customers to a POLR. The PUCT also has not taken any action on the requests of many parties, and declined to adopt the recommendation of the IMM, that prices be resettled to remove the artificial price adders as of 1:05 a.m. on February 18. Notably, on March 8, Texas Lieutenant Governor Dan Patrick called on the PUCT and ERCOT to correct the "$16 billion error" in pricing that continued after the power shortage ended and the grid emergency passed.[20]

29. In addition to ERCOT, Just Energy's liquidity challenges have been further exacerbated by the demands of certain business partners and regulators following the Weather Event:

a. Just Energy received demands from certain of its bonding companies for more than CAD $30 million in additional collateral. Over CAD $20 million of additional collateral has already been provided and the rest is expected to be provided by March 17, 2021. The bonding companies had either threatened to start the process of cancelling bonds issued by them if Just Energy did not post additional collateral or had already started the process of cancelling bonds they issued and agreed to issue rescission notices upon receipt of the additional collateral. The cancelation of the bonds may have resulted in the revocation of licenses necessary for Just Energy to carry on business in certain jurisdictions.

[20] Office of the Lieutenant Governor, *Lt. Gov. Dan Patrick Calls on ERCOT to Correct $16 Billion Error During Storm*, https://www.ltgov.texas.gov/2021/03/08/lt-gov-dan-patrick-calls-on-ercot-to-correct-16-billion-error-during-storm (8 March 2021).

b. On February 24, 2021, Just Energy received a letter from a transmission and distribution service provider stating that the Company was delinquent on invoices totaling USD $141,745 that had an original due date of February 23, 2021, that the Company would be in default if the delinquent balance was not received within ten days, and that the supplier would exercise its remedies in the event of default. Just Energy paid all outstanding amounts due to transmission and distribution service providers on March 1, 2021, as an event of default for non-payment results in the PUCT transferring customers to a POLR.

c. On March 22, 2021, approximately CAD $270 million owing to counterparties under the ISO Services Agreements will come due. This amount has increased significantly from what the Company would normally expect, which increase is a direct result of the Weather Event. In addition, more than CAD $75 million in payables owing to Commodity Suppliers (as defined herein) will also come due by March 22, 2021.

30. After exhausting all alternatives, Just Energy and its Board of Directors determined that the commencement of the Canadian Proceedings and these chapter 15 proceedings were inevitable. Leading up to the commencement of these cases, Just Energy contacted its five largest stakeholders and provided them with a term sheet and information necessary to assess and evaluate an opportunity to provide debtor-in-possession financing. The information provided included a situation update presentation and access to a virtual data room. Just Energy also responded to numerous information requests and management held virtual meetings with the stakeholders to answer questions about Just Energy's financial forecast. In addition, Just Energy engaged with four other parties who had interest in considering the DIP financing opportunity. Just Energy negotiated the form of non-disclosure agreement ("NDA") with two of these parties. However, due to the short timeframe in which Just Energy needed to secure DIP financing, there was not sufficient time for the parties to finalize NDAs or conduct the necessary due diligence. As a result of this process, subject to certain terms and conditions, the financial institutions from time to time party thereto (the "DIP Lenders"), and Alter Domus (US) LLC, as administrative agent for the DIP

Lenders, have agreed to provide a debtor-in-possession facility (the "DIP Facility") in the amount of USD $125 million.

31. Just Energy will provide all relevant regulators in the states in which the Company operates—including Texas, Maryland, New Jersey, New York, Ohio and Pennsylvania—with notice of the commencement of the Canadian Proceedings and these chapter 15 cases. Additionally, despite challenging the quantum of such payments as appropriate, Just Energy will continue to satisfy ERCOT obligations as they come due.

32. In connection with the Canadian Proceedings, the Canadian Court approved FTI Consulting Canada, Inc. ("FTI") as the Canadian Court's independent monitor (the "Monitor"). In its capacity as Monitor, FTI, in consultation with its independent counsel, submitted a detailed report to the Canadian Court supporting all of the relief requested in the Canadian Proceedings and in these chapter 15 cases.[21]

33. Notwithstanding the catastrophic financial fallout from the Weather Event, Just Energy and its Board of Directors firmly believe in its business model, its strong management team, its dedicated, hardworking employees, and its strong, faithful consumer base and fully intend to use the bankruptcy process to preserve its business and maximize value for all stakeholders, including the thousands of Texans who, now more than ever, rely on Just Energy to meet its energy needs every day.

[21] A copy of such report is attached as Exhibit A to the *Declaration of Shawn T. Irving in Support of Verified Petition for (I) Recognition of Foreign Main Proceedings, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code*, filed contemporaneously herewith.

Part II:
General Background

A. The Debtors' Corporate History.

34. Established in 1997, Just Energy is a leading retail consumer company specializing in electricity and natural gas commodities, energy efficiency solutions, and renewable energy options. A Canadian corporation with head offices in Mississauga, Ontario and Houston, Texas, Just Energy serves over 950,000 consumer and commercial customers, providing homes and businesses with a broad range of energy solutions.

35. The Company primarily supplies electricity and natural gas commodities to both consumer and commercial customers. These sales are made under various arrangements, mainly under long-term fixed price contracts with some customers remaining on month-to-month variable-price after their long-term contract expired. In addition, the Company provides various "green" products. Customers can choose an appropriate "JustGreen" program to supplement their natural gas and electricity contracts and offset their carbon footprint, or purchase high quality environmental products through "TerraPass," which supports projects throughout North America that destroy greenhouse gases, produce renewable energy, and restore freshwater ecosystems through the purchase of renewable energy credits and carbon offsets.

36. Just Energy's common shares (the "Common Shares") are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") and trade under the symbol "JE."[22]

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[22] Just Energy's current corporate structure chart is attached to the Verified Petition as Exhibit E.

B. The Debtors' Assets and Operations.

1. The Debtors' Products and Services.

37. Just Energy offers products and services to address customers' essential needs, including electricity and natural gas commodities, health and well-being products such as water quality and filtration devices, and utility conservation products which bring energy efficient solutions and renewable energy options to customers.

a. Natural Gas.

38. Just Energy offers natural gas customers a variety of products, mainly under long-term fixed price contracts. Gas supply is purchased from market counterparties based on forecasted consumer and small commercial RCEs.[23] For larger commercial customers, gas supply is generally purchased concurrently with the execution of a contract.

b. Electricity.

39. Just Energy services various territories in Canada and the U.S. with electricity. A variety of electricity solutions are offered, including fixed-price, flat-bill and variable-price products on both short-term and longer-term contracts. Most of these products provide customers with price-protection programs for the majority of their electricity requirements. Just Energy uses historical usage data for all enrolled customers to predict future customer consumption and to help with long-term supply procurement decisions. Just Energy purchases power supply from market counterparties for consumer and commercial customers based on forecasted customer aggregation.

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[23] "RCE" means residential customer equivalent, which is a unit of measurement equivalent to a customer using 2,815 m^3 (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis or 10 MWh (or 10,000 kWh) of electricity on an annual basis, which represents the approximate amount of gas and electricity, respectively, used by a typical household in Ontario, Canada.

Power supply is generally purchased concurrently with the execution of a contract for larger commercial customers.

c. JustGreen.

40. Many customers have the ability to choose an appropriate JustGreen program to supplement their natural gas and electricity contracts, providing an effective method to offset their carbon footprint associated with the respective commodity consumption. JustGreen programs for gas customers involve the purchase of carbon offsets from carbon capture and reduction projects. JustGreen's electricity products offer customers the option of having all or a portion of the volume of their electricity usage sourced from renewable green sources such as wind, solar, hydropower or biomass, via power purchase agreements and renewable energy certificates. Just Energy currently sells JustGreen gas and electricity in eligible markets across North America.

d. TerraPass.

41. Through TerraPass, customers can offset their environmental impact by purchasing high quality environmental products. TerraPass supports projects throughout North America that destroy greenhouse gases, produce renewable energy and restore freshwater ecosystems. Each project is made possible through the purchase of renewable energy credits and carbon offsets. TerraPass offers various purchase options for residential or commercial customers, depending on the impact the customer wishes to make.

e. Filter Group.

42. The Company also offers water filtration systems through Filter Group Inc. ("Filter Group") in Canada and through its subsidiary Filter Group US Inc. in the United States.

2. The Debtors' Markets.

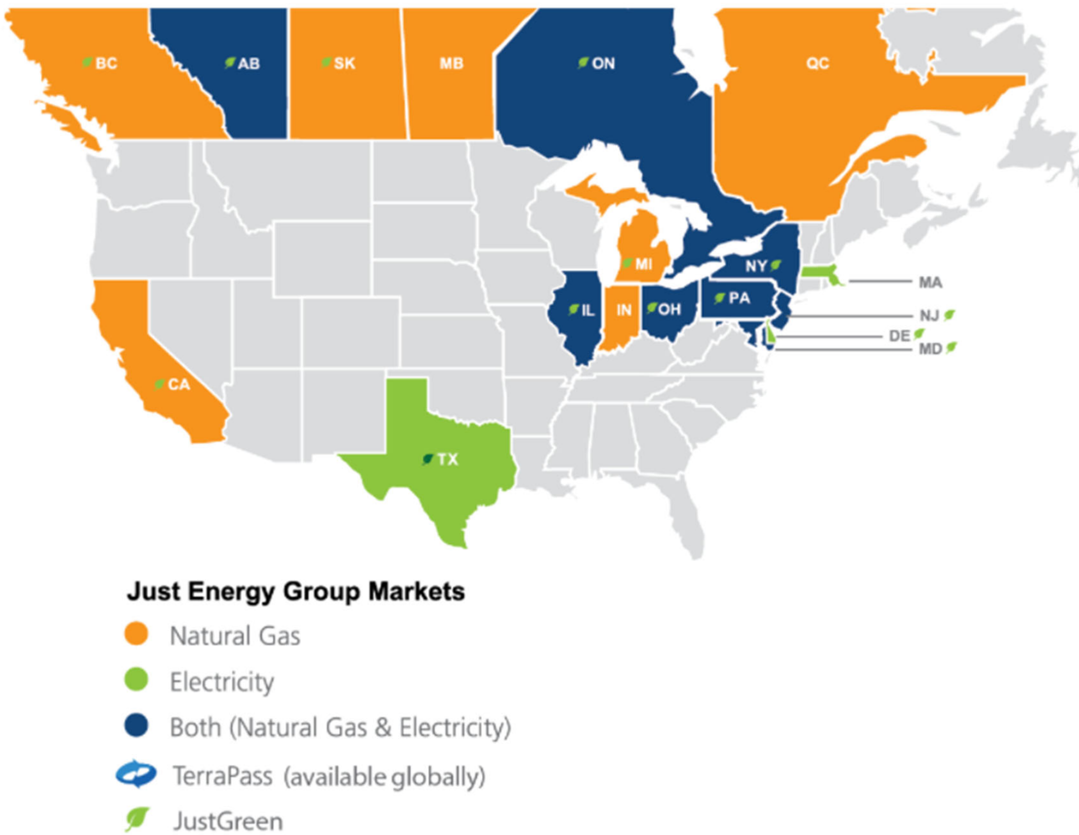
a. Divestitures: Refocusing on North America.

43. In March 2019, Just Energy formally approved and commenced a process to dispose of its businesses in Germany, Ireland and Japan. In June 2019, Just Energy also formally approved and commenced a process to dispose of its business in the United Kingdom ("U.K."), as part of the Company's Strategic Review (as defined herein). These divestitures were part of a strategic transition to focus on Just Energy's core business in North America.

44. In addition, as part of its portfolio optimization process, Just Energy sold its subsidiary EdgePower on November 30, 2020, resulting in a gain of $1.5 million. The Company also sold its California power portfolio for a nominal amount in a transaction that closed in December 2020.

b. The Company's New Footprint.

45. Following its strategic divestitures, Just Energy now serves several states and provinces across North America. As discussed above, the State of Texas is a key electricity market for the Company.



3. The Debtors' Employees.

46. As of March 1, 2021, Just Energy employed approximately 979 full-time employees and five part-time employees. The geographic distribution of the Company's employees is as follows:

Province / Territory	Number of Employees
Canada	
Ontario	324
Alberta	6
British Columbia	1

Province / Territory	Number of Employees
Canada	
New Brunswick	1
Saskatchewan	1
Total (Canada)	333
United States	
Texas	351
Other states	30
Total (United States)	381
Other	
India	265
Total (overall)	**979**

47. In addition, as of March 1, 2021, Just Energy contracts with twenty-three independent contractors. Just Energy's employees are all non-unionized, and there are no applicable collective agreements.

4. The Debtors' Suppliers.

48. Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. The Company transacts with various suppliers to purchase gas and electricity (the "Commodity Suppliers"), which typically purchase gas and electricity for larger commercial customers when they execute the contract for those customers. For remaining customers, supplies are purchased based on forecasted consumption. Commodity and volume forecasts are developed using historical data and current market conditions.

49. In addition to agreements for the physical supply of gas and electricity, the Company also enters into hedge contracts with Commodity Suppliers in order to minimize commodity and volume risk. These include derivative instruments such as physical forward contracts and options and financial swap contracts and options that are designed to fix the price of supply for estimated customer commodity demand. The Company also purchases various weather

derivatives to mitigate its exposure to variances in customer requirements that are driven by changes in expected weather conditions.

50. Just Energy evaluates and manages weather related conditions by analyzing historically observed weather and commodity scarcity scenarios in its various markets. Just Energy's current portfolio and forecasts are stress-tested against multiple scenarios to estimate a range of revenue and supply outcomes. Scenarios are constructed using historical consumption, weather, load, and price patterns adjusted for known and expected market changes. Scenarios include events such as a polar vortex, the Texas 2011 heat wave, El-Nino winters, and other extreme weather events. Based on these forecasts, Just Energy will then layer in its hedging strategy under its risk management policy. In its planning for the current winter season (November 2020–March 2021), Just Energy positioned its portfolio under all known historical weather and commodity scarcity scenarios to avoid exposure exceeding CAD $10 million in the aggregate.

51. In addition to supply agreements, Just Energy is also party to ISO services agreements with certain Commodity Suppliers (the "ISO Services Agreements"). The most significant is an Independent Electricity System Operator Scheduling Agreement (the "BP Agreement") with BP Energy Company ("BP") pursuant to which BP provides a variety of services as well as working capital and credit support: *First*, BP provides all services and takes all actions required for the scheduling and arranging for the delivery of all physical sales of energy by Hudson Energy Services, LLC. *Second*, BP makes certain payments to ISOs monitoring the electrical power system in certain jurisdictions on behalf of the Company. The payments to the ISOs must be made daily, but BP provides Just Energy on average 35 days to repay these amounts.

Third, BP posts collateral and provides credit support for Just Energy with ISOs, which relieves the Company of the obligation to post the collateral related to its load requirements.

5. The Debtors' Sureties.

52. Just Energy has issued over 100 separate surety bonds to various counterparties including States, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. The total surety bonds issued as of December 31, 2020 were CAD $46.3 million.

C. Strategic Review and Recapitalization.

53. In May 2020, after a review of strategic alternatives (the "Strategic Review"), Just Energy concluded that the Recapitalization was the only viable option short of an insolvency proceeding that provided a long-term solution to its financial challenges. Following multiple rounds of negotiations with key stakeholders, Just Energy secured approval of an amended plan of arrangement. The Company sought final approval of the plan with the Canadian court on September 2, 2020, which order was entered the following day.

54. On September 4, 2020, the Company sought recognition of the Canadian proceeding under chapter 15 of the Bankruptcy Code in this Court. On September 28, 2020, the Company completed its comprehensive plan to strengthen and de-risk the business, positioning the Company for sustainable growth as an independent industry leader. The chapter 15 cases closed shortly thereafter on October 29, 2020.

55. The Recapitalization was undertaken through a plan of arrangement under the CBCA and included:

- The consolidation of the Company's common shares on a 1-for-33 basis;

- Exchange of the 6.75% CAD $100 million convertible debentures and the 6.75% CAD $160 million convertible debentures for common shares and CAD $15 million principal amount of new 7.0% CAD $13 million subordinated notes. The subordinated notes had a principal amount of CAD $15 million as of September 28, 2020, which was reduced to CAD $13.2 million through a tender offer for no consideration on October 19, 2020;

- Extension of CAD $335 million of the Company's senior secured credit facilities to December 2023, with revised covenants and a schedule of commitment reductions throughout the term;

- Existing 8.75% loan and the remaining convertible bonds due December 31, 2020 were exchanged for a new 10.25% term loan due March 2024 and common shares, with interest on the new term loan to be initially paid-in-kind until certain financial measures are achieved;

- Exchange of all of the 8.50%, fixed-to-floating rate, cumulative, redeemable, perpetual preferred shares for common shares;

- Accrued and unpaid interest paid in cash on the subordinated convertible debentures until September 28, 2020;

- The payment of certain expenses of the ad hoc group of convertible debenture holders;

- The issuance of approximately CAD $3.7 million of common shares by way of an additional private placement to the Company's term loan lenders at the same subscription price available to all security holders pursuant to the new equity subscription offering, proceeds of which partially offset the incremental cash costs to the ad hoc group noted above;

- The entitlement of holders of Just Energy's existing 8.75% loan, 6.5% convertible bonds, the subordinated convertible debentures, preferred shares and common shares as of July 23, 2020 to subscribe for post-consolidation common shares at a price per share of CAD $3.412, with subscriptions totaling 15,174,950 common shares resulting in cash proceeds for Just Energy of approximately CAD $51.8 million;

- Pursuant to certain backstop commitments, the acquisition of 14,137,580 common shares by the backstop parties, on a post-consolidation basis resulting in cash proceeds for Just Energy of approximately CAD $48.2 million; for a total aggregate proceeds from the equity subscription option of approximately CAD $100.0 million, which was used to reduce debt and for general corporate purposes; and

- The settlement of litigation related to the 2018 acquisition of Filter Group Inc. pursuant to which shareholders of the Filter Group received an aggregate of CAD $1.8 million in cash and 429,958 common shares.

Part III:
The Debtors' Prepetition Capital Structure

56. The following table summarizes Just Energy's significant non-trade debt. The debts are listed by priority of payment:

	Type	Borrower(s)	Maturity Date	Approximate Outstanding Amount as of December 31, 2020
Senior Secured Credit Facility	Revolving credit facilities on borrowing base	Just Energy Ontario L.P. and Just Energy (U.S.) Corp.	December 31, 2023	CAD $232.62 million in principal[24] CAD $77.8 million in letters of credit[25]
Term Loan	Non-revolving, senior unsecured term loan facility	Just Energy Group Inc.	March 31, 2024	CAD $273.48 million
Subordinated Notes	Unsecured subordinated notes	Just Energy Group Inc.	September 27, 2026	CAD $13.2 million

Just Energy's trade and non-trade obligations are described in more detail below.

A. Senior Secured Credit Facility.

57. Just Energy Ontario L.P. and Just Energy (U.S.) Corp. (collectively, the "Senior Secured Credit Facility Borrowers") are borrowers under a ninth amended and restated credit agreement (as amended from time to time, the "Senior Secured Credit Facility Agreement") made as of September 28, 2020 with a syndicate of lenders that includes CIBC, National Bank of Canada, HSBC, JPMorgan, Alberta Treasury Branches, Canadian Western Bank, and Morgan Stanley Senior Funding, Inc., a subsidiary of Morgan Stanley Bank N.A. (collectively, the "Senior Secured

[24] CAD $227.86 million as of March 5, 2021.

[25] CAD $103.96 million as of March 5, 2021.

Credit Facility Lenders"). Under the Senior Secured Credit Facility Agreement, the Senior Secured Credit Facility Lenders agreed to extend a three tranche credit facility in a maximum aggregate amount of up to CAD $335 million consisting of (i) a Canadian revolving credit facility with commitments of CAD $110 million, (ii) a U.S. revolving credit facility with commitments of CAD $166 million, and (iii) a letter of credit facility with commitments of CAD $59 million, with scheduled mandatory commitment reductions during the term of the Senior Secured Credit Facility Agreement (the "Senior Secured Credit Facility"). As part of the Recapitalization, Just Energy extended the Senior Secured Credit Facility, which was previously scheduled to mature in December 2020, to December 31, 2023.

58. As of December 31, 2020, there was approximately CAD $232.62 million in principal outstanding under the Senior Secured Credit Facility Agreement, including outstanding letters of credit amounting to CAD $77.8 million. The letters of credit are issued to various counterparties, primarily utilities and suppliers. Certain principal amounts outstanding under the letter of credit facility is guaranteed by Export Development Canada under its Account Performance Security Guarantee Program. Just Energy's obligations under the Senior Secured Credit Facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, primarily, Filter Group and German operations. As of December 31, 2020, the Company was compliant with all of its covenants under the Senior Secured Credit Facility Agreement.

59. Interest is payable on outstanding loans at rates that vary with bankers' acceptance rates, London Interbank Offered Rate, Canadian bank prime rate or U.S. prime rate. Interest rates are adjusted quarterly based on certain financial performance indicators.

B. Secured Supplier and Hedge Obligations.

60. Just Energy's financial obligations to its primary Commodity Suppliers in North America, which include Shell, BP, Exelon, Generation Company LLC, Bruce Power, L.P., Société Générale, EDF Trading North America, LLC, National Bank of Canada, Nextera Energy Marketing, LLC and Macquarie (collectively, the "Secured Suppliers"), are secured by security granted by Just Energy and its affiliates pursuant to general security agreements, pledges of securities, and other security documents on the same collateral that secures the Senior Secured Credit Facility Agreement.

61. The Secured Suppliers, the agent for the Senior Secured Credit Facility Lenders (together with the Secured Suppliers, collectively, the "Senior Creditors"), the Senior Secured Credit Facility Borrowers, certain subsidiaries and affiliates of the Senior Secured Credit Facility Borrowers (including Just Energy), and CIBC, in its capacity as collateral agent for the benefit of the Senior Creditors (the "Collateral Agent"), are also party to an intercreditor agreement (the "Intercreditor Agreement") setting out the relative priority of the parties' security interests.[26] The security is granted in favor of the Collateral Agent under the Intercreditor Agreement for the benefit of the Senior Secured Credit Facility Lenders and the Secured Suppliers. Pursuant to the Intercreditor Agreement, the Secured Suppliers rank *pari passu* with the Senior Secured Credit Facility Lenders in terms of lien priority, subject to a payment waterfall set out in the agreement. The waterfall provides for the following payment priority with respect to respective Senior Secured Credit Facility Lenders and the Secured Suppliers: (i) first, to Collateral Agent administrative

[26] Attached as **Exhibit B** is a letter dated March 4, 2021 that Just Energy received from BP in the context of ongoing discussions regarding the effect of the Texas weather event on the Company. The letter advises that BP disagrees with the proposed priority of amounts due from Just Energy. On March 5, 2021, Just Energy responded to the BP letter stating that the Company is happy to look into the matter but believes it is largely an intercreditor issue that will be resolved over time. Just Energy does not intend to take a position on this intercreditor issue as part of this proceeding or otherwise. Attached as **Exhibit C** is a copy of Just Energy's responding letter.

expenses; (ii) second, on a *pro rata* basis, to (A) Collateral Agent fees and (B) expenses in respect of other amounts payable to the agent or trustee with respect to any Senior Creditor obligations; (iii) third, on a *pro rata* basis, to costs and expenses of the Senior Creditors in respect of the collateral or any enforcement of the Senior Creditor obligations; (iv) fourth, on a *pro rata* basis, to (A) unpaid interest on the obligations under the Senior Secured Credit Facility, (B) all payments to the hedge providers who are Senior Secured Credit Facility Lenders in respect of hedging agreements allocable to past periods and (C) all payments for physical supply of electricity or gas that has been delivered and all payments for financial settlements allocable to past periods; (v) fifth, on a *pro rata* basis, to (A) obligations under the Senior Secured Credit Facility up to USD $370 million, (B) amounts owing to the hedge providers who are Senior Secured Credit Facility Lenders in respect of hedging agreements arising upon termination thereof or default thereunder, (C) amounts owing to the Secured Suppliers in respect of commodity supply agreements arising upon termination thereof or default thereunder up to an amount equal to three times the amounts described in (v)(A) and (B) above and (D) all amounts owing to a Senior Creditor in respect of ISO services obligations up to CAD $94.5 million; (vi) sixth, on a *pro rata* basis, to (A) other obligations under the Senior Secured Credit Facility to the extent not paid above and (B) amounts owing to the Secured Suppliers in respect of commodity supply agreements arising upon termination thereof or default thereunder to the extent not paid above; (vii) seventh, on a *pro rata* basis, to all other obligations under the obligations owing to the Senior Creditors; and (viii) eighth, to the Debtors.

62. As of January 31, 2021, Just Energy owed its Secured Suppliers approximately CAD $198.96 million.

C. Term Loan.

63. As part of the Recapitalization, Just Energy issued a USD $205.9 million principal note (the "Term Loan") maturing on March 31, 2024 to Sagard Credit Partners, LP and certain funds managed by a leading U.S.-based global fixed income asset manager (the "Term Loan Lenders"). The Term Loan bears interest at 10.25% and payments will be capitalized into the note. The interest is capitalized on a semi-annual basis on September 30 and March 31. The balance at December 31, 2020 includes an accrual of CAD $7.1 million for capitalized interest payable on the notes. Upon achieving certain financial measures, the Company will pay either 50% or 100% of the interest in cash at a 9.75% rate on a semi-annual basis. The Term Loan requires compliance with certain senior debt to EBITDA ratios as well as minimum EBITDA requirements, each on a trailing four quarter period. Voluntary prepayments in minimum increments of USD $5,000,000 are permitted subject to a concurrent payment to the Term Loan Lenders of a prepayment penalty of 5.0%.

64. As of December 31, 2020, approximately CAD $273.48 million was outstanding on the Term Loan.

D. Subordinated Notes.

65. As part of the Recapitalization, Just Energy issued CAD $15 million principal of subordinated notes (the "Subordinated Notes") to holders of certain subordinated convertible debentures that were extinguished as part of the Recapitalization. The Subordinated Notes bear an annual interest rate of 7% payable in-kind semi-annually on March 15 and September 15. A CAD $2 million fee related to the issuance of the notes was capitalized at inception to be amortized over the term of the notes. The Subordinated Notes had a principal amount of CAD $15 million as of September 28, 2020, which was reduced to CAD $13.2 million through a tender offer for no consideration on October 19, 2020.

E. Filter Group Loan.

66. In addition, Filter Group[27] is the borrower under a CAD $5.5 million outstanding loan (the "Filter Group Loan") payable to Home Trust Company ("HTC"). The loan is a result of factoring receivables to finance the cost of rental equipment over a period of three to five years with HTC and bears interest at 8.99% per annum. Payments on the loan are made monthly as Filter Group receives payment from the customer and continue up to the end date of the customer contract term on the factored receivable. The Filter Group Loan was not a part of the Recapitalization.

67. As of December 31, 2020, there was approximately CAD $5.5 million outstanding under the Filter Group Loan.

F. Equity.

68. Just Energy's authorized share capital consists of an unlimited number of Common Shares and 50,000,000 preference shares (the "Preferred Shares"). As of March 1, 2021, there were 48,078,637 Common Shares and no Preferred Shares issued and outstanding. The Common Shares are listed on the TSX and the NYSE.

69. The Debtors look forward to continuing to engage with ERCOT and other stakeholders, including suppliers, following the Petition Date to find a resolution that will right-size the Debtors' balance sheet and place the reorganized Debtors back on the path to long-term success.

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[27] Filter Group is not a restricted subsidiary and is not a part of the Canadian Proceedings.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: March 9, 2021

/s/ Michael Carter
Michael Carter
Chief Financial Officer
Just Energy Group Inc.

Certificate of Service

I certify that on March 9, 2021, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Matthew D. Cavenaugh
Matthew D. Cavenaugh

Exhibit A

DIP Budget

Just Energy Group Inc. et al

CCAA 13-Week Cash Flow Forecast
March 9, 2021

(CAD$ in millions)

Weeks Ending (Sunday)[1]		3/14/21	3/21/21	3/28/21	4/4/21	4/11/21	4/18/21	4/25/21	5/2/21	5/9/21	5/16/21	5/23/21	5/30/21	6/6/21	13-Week
Forecast Week		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**Total**
RECEIPTS															
Sales Receipts	[2]	$28.6	$48.5	$46.3	$35.2	$44.4	$41.8	$67.1	$48.3	$48.4	$42.6	$60.5	$55.1	$41.8	$608.5
Miscellaneous Receipts	[3]	-	-	-	2.4	-	-	-	5.6	-	-	-	-	-	8.0
Total Receipts		$28.6	$48.5	$46.3	$37.6	$44.4	$41.8	$67.1	$53.9	$48.4	$42.6	$60.5	$55.1	$41.8	$616.5
DISBURSEMENTS															
Operating Disbursements															
Energy and Delivery Costs	[4]	($172.1)	($52.5)	($9.7)	($25.0)	($13.2)	($16.0)	($79.8)	($26.8)	($13.6)	($14.6)	($103.2)	($36.9)	($10.8)	($574.1)
Payroll	[5]	-	-	(2.5)	(3.2)	(2.5)	-	(2.5)	-	(2.5)	-	(2.5)	-	(6.5)	(22.3)
Taxes	[6]	(0.1)	(5.3)	(6.0)	(0.0)	(0.1)	-	(5.0)	(12.6)	-	(0.2)	(4.7)	(2.4)	(0.1)	(36.6)
Commissions	[7]	(2.2)	(4.0)	(4.5)	(0.6)	(2.5)	(0.7)	(4.8)	(0.7)	(1.4)	(0.4)	(4.5)	(0.7)	(0.6)	(27.8)
Selling and Other Costs	[8]	(3.2)	(3.4)	(3.5)	(4.5)	(5.0)	(3.5)	(3.3)	(4.1)	(4.7)	(2.9)	(3.5)	(2.9)	(4.0)	(48.4)
Total Operating Disbursements		($177.6)	($65.2)	($26.3)	($33.4)	($23.3)	($20.2)	($95.4)	($44.1)	($22.1)	($18.0)	($118.5)	($42.9)	($22.0)	($709.1)
OPERATING CASH FLOWS		($149.0)	($16.7)	$19.9	$4.2	$21.1	$21.6	($28.4)	$9.7	$26.3	$24.6	($57.9)	$12.2	$19.8	($92.6)
Financing Disbursements															
Credit Facility - Borrowings / (Repayments)	[9]	$126.0	$ -	$31.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$157.5
Interest Expense & Fees	[10]	(3.2)	-	-	(1.4)	-	-	-	(1.3)	-	-	-	-	(1.4)	(7.2)
Restructuring Disbursements															
Professional Fees	[11]	-	(1.4)	(2.6)	(1.3)	(1.6)	(1.1)	(1.1)	(0.8)	(1.1)	(0.8)	(0.9)	(0.9)	(0.9)	(14.4)
NET CASH FLOWS		**($26.2)**	**($18.1)**	**$48.9**	**$1.6**	**$19.5**	**$20.5**	**($29.5)**	**$7.6**	**$25.2**	**$23.8**	**($58.9)**	**$11.3**	**$17.6**	**$43.3**
CASH															
Beginning Balance		$77.3	$51.2	$33.0	$81.9	$83.5	$103.0	$123.5	$94.0	$101.6	$126.9	$150.6	$91.8	$103.1	$77.3
Net Cash Inflows / (Outflows)		(26.2)	(18.1)	48.9	1.6	19.5	20.5	(29.5)	7.6	25.2	23.8	(58.9)	11.3	17.6	43.3
Other (FX)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING CASH		**$51.2**	**$33.0**	**$81.9**	**$83.5**	**$103.0**	**$123.5**	**$94.0**	**$101.6**	**$126.9**	**$150.6**	**$91.8**	**$103.1**	**$120.7**	**$120.7**
BORROWING SUMMARY															
DIP Facility Credit Limit		$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	
DIP Draws		126.0	-	31.5	-	-	-	-	-	-	-	-	-	-	
DIP Principal Outstanding		126.0	126.0	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	
DIP Availability		$31.5	$31.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	

1. The week shown as ending March 14, 2021 reflects a 6-day stub week from March 9 (the filing date) to 3/14/21.
2. Sales Receipts include collections from the Company's residential and commercial customers for the sale of energy, which primarily consists of electricity and natural gas, inclusive of sales tax. The sales forecast is based on historical sales patterns, seasonality, and management's current expectations.
3. Miscellaneous receipts reflect forecasted tax refunds and other receipts not sent from customers.
4. Energy & Delivery costs reflect the purchase energy from suppliers and the cost of delivery and transmission to the Company's customers.
5. Payroll disbursements reflect the current staffing levels and recent payroll amounts, inclusive of any payments associated with the Company's bonus programs.
6. Taxes reflect the remittance of sales taxes collected from customers and the Company's corporate income taxes.
7. Commissions include fees paid to customer acquisition contractors and suppliers.
8. Selling and Other Costs include selling, general, administrative and interest payments.
9. The Credit Facility Borrowings / (Repayments) assume USD$ 100 million of the DIP is drawn immediately, with a subsequent draw for the remainder of the facility within the first few weeks of the proceedings.
10. Interest expenses & fees include interest and fees on the Company's credit facilities.
11. Professional Fees include fees for the Company's counsel and investment banker, the Monitor, the Monitor's Counsel, and the DIP lenders' professionals.

Just Energy Group Inc. et al

CCAA 13-Day Cash Flow Forecast
March 9, 2021

(CAD$ in millions)

		3/9/21	3/10/21	3/11/21	3/12/21	3/13/21	3/14/21	3/15/21	3/16/21	3/17/21	3/18/21	3/19/21	3/20/21	3/21/21	13-Day
Forecast Week		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**Total**
RECEIPTS															
Sales Receipts	[1]	$8.7	$6.3	$6.9	$6.7	$ -	$ -	$8.2	$9.8	$8.0	$10.1	$12.4	$ -	$ -	$77.1
Miscellaneous Receipts	[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		$8.7	$6.3	$6.9	$6.7	$ -	$ -	$8.2	$9.8	$8.0	$10.1	$12.4	$ -	$ -	$77.1
DISBURSEMENTS															
Operating Disbursements															
Energy and Delivery Costs	[3]	($121.2)	($45.8)	($7.9)	$2.7	$ -	$ -	($1.8)	($7.0)	($22.6)	($6.1)	($15.0)	$ -	$ -	($224.6)
Payroll	[4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	[5]	-	(0.1)	-	-	-	-	(5.3)	-	-	-	-	-	-	(5.4)
Commissions	[6]	(0.0)	-	-	(2.2)	-	-	-	(0.3)	(3.2)	-	(0.6)	-	-	(6.3)
Selling and Other Costs	[7]	(1.0)	(1.0)	(0.0)	(1.0)	-	-	(0.0)	(1.1)	(1.1)	(0.0)	(1.1)	-	-	(6.6)
Total Operating Disbursements		($122.2)	($46.9)	($7.9)	($0.5)	$ -	$ -	($7.1)	($8.4)	($26.9)	($6.2)	($16.7)	$ -	$ -	($242.8)
OPERATING CASH FLOWS		($113.5)	($40.6)	($1.0)	$6.1	$ -	$ -	$1.1	$1.4	($18.8)	$3.9	($4.3)	$ -	$ -	($165.7)
Financing Disbursements															
Credit Facility - Borrowings / (Repayments)	[8]	$126.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$126.0
Interest Expense & Fees	[9]	(3.2)	-	-	-	-	-	-	-	-	-	-	-	-	(3.2)
Restructuring Disbursements															
Professional Fees	[10]	-	-	-	-	-	-	(1.4)	-	-	-	-	-	-	(1.4)
NET CASH FLOWS		**$9.3**	**($40.6)**	**($1.0)**	**$6.1**	**$ -**	**$ -**	**($0.4)**	**$1.4**	**($18.8)**	**$3.9**	**($4.3)**	**$ -**	**$ -**	**($44.3)**
CASH															
Beginning Balance		$77.3	$86.7	$46.1	$45.0	$51.2	$51.2	$51.2	$50.8	$52.2	$33.4	$37.3	$33.0	$33.0	$77.3
Net Cash Inflows / (Outflows)		9.3	(40.6)	(1.0)	6.1	-	-	(0.4)	1.4	(18.8)	3.9	(4.3)	-	-	(44.3)
Other (FX)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING CASH		**$86.7**	**$46.1**	**$45.0**	**$51.2**	**$51.2**	**$51.2**	**$50.8**	**$52.2**	**$33.4**	**$37.3**	**$33.0**	**$33.0**	**$33.0**	**$33.0**
BORROWING SUMMARY															
DIP Facility Credit Limit		$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$157.5	$ -
DIP Draws		126.0	-	-	-	-	-	-	-	-	-	-	-	-	
DIP Principal Outstanding		126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	-
DIP Availability		$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$31.5	$ -

1. Sales Receipts include collections from the Company's residential and commercial customers for the sale of energy, which primarily consists of electricity and natural gas, inclusive of sales tax. The sales forecast is based on historical sales patterns, seasonality, and management's current expectations.
2. Miscellaneous receipts reflect forecasted tax refunds and other receipts not sent from customers.
3. Energy & Delivery costs reflect the purchased energy from suppliers and the cost of delivery and transmission to the Company's customers.
4. Payroll disbursements reflect the current staffing levels and recent payroll amounts, inclusive of any payments associated with the Company's bonus or programs.
5. Taxes reflect the remittance of sales taxes collected from customers and the Company's corporate income taxes.
6. Commissions include fees paid to customer acquisition contractors and suppliers.
7. Selling and Other Costs include selling, general, administrative and interest payments.
8. The Credit Facility Borrowings / (Repayments) assume USD$ 100 million of the DIP is drawn immediately, with a subsequent draw for the remainder of the facility within the first few weeks of the proceedings.
9. Interest expenses & fees include interest and fees on the Company's credit facilities.
10. Professional Fees include fees for the Company's counsel and investment banker, the Monitor, the Monitor's Counsel, and the DIP lenders' professionals.

Exhibit B

BP Letter

bp

Eddie Pinkerton
Head of End Use Supply - Power

BP Energy Company
North American Gas and Power
201 Helios Way
Houston, TX 77079
eddie.pinkerton@bp.com
713-323-3672 office
832-857-9273 cell

March 4, 2021

Michael Carter
Chief Financial Officer
Just Energy
5251 Westheimer Rd., Suite 1000
Houston, TX 77056

Dear Michael:

Thank you for your multiple communications and briefings over the last several days concerning recent developments with Just Energy (U.S.) Corp. and its affiliates ("Just Energy"). BP values its longstanding relationship with Just Energy and remains committed to working with Just Energy and its other creditors to explore potential paths forward.

Before proceeding further, however, we want to advise you that we disagree with how you have characterized and positioned BP's claims in your Situation Update and Action Plan dated March 3, 2021. As all commodity sales to Just Energy were made pursuant to master trading agreements, the corresponding amounts due from Just Energy are properly characterized as Supplier AP positioned in Tier 1 rather than as ISO Service Obligations split across Tiers 2 and 3.

BP requests that Just Energy correct this mischaracterization and circulate updated Situation Update Materials to all interested parties to avoid any lingering confusion as more detailed restructuring conversations commence.

Should you have any questions or require any additional information, please feel free to contact me at 832-857-9273 or eddie.pinkerton@bp.com.

Sincerely,

Eddie Pinkerton
Head of End Use Supply - Power

Cc: Scott Gahn and Jim Brown

Exhibit C

Just Energy Response Letter

PRIVATE AND CONFIDENTIAL

Via Email

March 5, 2021

BP Energy Company
North American Gas and Power
201 Helios Way
Houston, Texas 77079
Attention: Eddie Pinkerton, Head of End Use Supply – Power

Re: Just Energy Group Inc. ("Just Energy") and BP Energy Company ("BP")

Dear Eddie:

Thank you for your letter dated March 4, 2021 with respect to BP's characterization of the ISO service obligations. We are happy to look into the matter, but believe that it is largely an intercreditor issue that will be resolved over time as Just Energy rectifies its liquidity challenges.

Just Energy also values its long term-relationship with BP and continues to be committed to working with BP on the challenges presented by the extreme Texas weather event. Further to our recent discussions, I will be in touch shortly regarding paths forward.

Yours truly,

Michael Carter,
Chief Financial Officer